

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6952

BILL NUMBER: HB 1575

DATE PREPARED: Dec 18, 2000

BILL AMENDED:

SUBJECT: Special Education Preschool Funding.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

| STATE IMPACT | FY 2001 | FY 2002 | FY 2003 |
|-------------------------|---------|-----------|-------------|
| State Revenues | | | |
| State Expenditures | | 823,000 | 2,612,000 |
| Net Increase (Decrease) | | (823,000) | (2,612,000) |

| LOCAL IMPACT | CY 2001 | CY 2002 | CY 2003 |
|-------------------------|---------|-----------|-----------|
| Local Revenues | | 1,645,000 | 3,578,000 |
| Local Expenditures | | | |
| Net Increase (Decrease) | | 1,645,000 | 3,578,000 |

Summary of Legislation: This bill increases the preschool special education per pupil guaranteed funding amount by 5% in 2002. For each calendar year after 2002, the bill increases this guaranteed amount by the same percentage as the annual percentage change in the dollar amounts specified for special education programs.

Effective Date: January 1, 2002.

Explanation of State Expenditures: The Department of Education estimates that local schools will serve 11,293 special education preschool children during the 2001-2002 school year and 12,693 children during the 2002-2003 school year. The grant is set at \$2,885.50 for school year 2001-2002 and is projected to be about \$3,031, using a 5% increase, for the 2002-2003 school year. The local match is at a \$.01 rate. It is

assumed that the levy statewide will increase by 2.8% for CY 2002 and remain constant for CY 2003. (CY 2003 is the first year of reassessment and, many times, levies are frozen the first year until the impact of reassessment is known.) The following table shows the possible impact of the change. The table shows the total revenue and calculates the difference since the required local match is the same as in current law.

| | CY 2001 | CY 2002 | CY 2003 |
|--------------------|----------------|----------------|-----------------------|
| Number of Students | 11,233 | 11,963 | 12,693 |
| New Rate | \$2,750.00 | \$2,887.50 | \$3,031.88(projected) |
| Current Rate | \$2,750.00 | \$2,750.00 | \$2,750.00 |
| New CY Costs | \$30,890,750 | \$34,543,163 | \$38,483,653 |
| Current CY Costs | \$30,890,750 | \$32,898,250 | \$34,905,750 |
| CY Difference | | \$1,644,913 | \$3,577,903 |
| FY Impact | | \$822,456 | \$2,611,408 |

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education budget documents and databases.